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SENSITIVE

SIPDIS

DEPT FOR SRAP, SCA/FO, SCA/RA, AND SCA/A

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SUBJECT: AGRICULTURE ROUNDTABLE WITH DEPUTY SECRETARY LEW AND MAIL  
MINISTER MOHAMMED ASIF RAHIMI

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SUMMARY  
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¶11. (SBU) A visiting U.S. Delegation, led by Deputy Secretary Jacob Lew, met with Minister Mohammed Asif Rahimi of the Ministry of Agriculture, Irrigation, and Livestock (MAIL) on September 8 to discuss the importance of agriculture to the U.S. strategy for Afghanistan. Embassy Kabul was represented by the Coordinating Director for Development and Economic Affairs, USAID and USDA. Minister Rahimi requested urgent and high-level USG support on two issues of critical importance: 1) crossborder trade barriers; and 2) MAIL capacity. In response, Embassy Kabul is: a) seeking an early release of FY10 funding to expedite support for MAIL Capacity Building--with an interim solution being that USAID will provide \$8 million to support this effort--and accelerate the deployment of 5 USDA Ministry Experts and 54 field-based staff; b) helping to finalize a new Afghanistan-Pakistan Transit Trade Agreement (APTTA); c) considering assigning a senior USDA expert to address MAIL sanitary and phyto-sanitary standards (SPS) issues; e) following up with MAIL regarding implementation of new activities to support the GiroA in the agriculture sector; and f) finalizing revision of the U.S. agriculture strategy paper. END SUMMARY

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CROSS-BORDER TRADE  
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¶12. (SBU) The Minister outlined the trade flow of Afghan goods through the region and stated that India remains a large market for Afghanistan but transit issues at the border with Pakistan have stemmed the flow of trade. He said continued border and customs delays are significantly hurting the Afghan farmer by increasing the cost of doing business and reducing the opportunities to generate needed income. According to the Minister, while the 1965 Afghanistan-Pakistan Transit Trade Agreement allows for the free flow of Afghan trucks to Pakistan, a recent surge of incidents in which Afghan trucks are being stopped at the border or allowed into Pakistan but charged significant additional tariffs, are undermining trade. He appealed for more senior level USG intervention, noting that discussions with Pakistan on this issue have made little headway.

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MAIL CAPACITY  
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¶13. (SBU) Minister Rahimi discussed the general lack of capacity of

MAIL and its staff of over 9,000. He cited the Ministry's traditional mindset of a preference for big government, rather than taking a more market-based approach. The Minister also said the Ministry lacks adequate equipment, systems, procurement, and financial management. Likewise, he described how corruption continues to inhibit progress. In order to combat this, over the past eight months, the Minister has fired an average of two employees per week, and has hired an average of ten merit-based/qualified employees per week. He noted, however, that progress is limited. The Minister then described MAIL's QChange ManagementQ program to strengthen the institutional capacity of the Ministry and requested immediate USG financial support for the multi-donor program (for which he has hired the Asia Foundation to manage). The Minister noted that the Dutch were the only donor to commit funds to date and requested that this program be more highly prioritized within the USG assistance package.

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DISCUSSION  
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¶4. (SBU) Deputy Secretary Lew discussed the importance of USG assistance being an Afghan-led process. On transit, he told Minister Rahimi the USG engaged the Governments of Pakistan and India in bilateral conversations. He stated that the USG could assist with tri-lateral talks if desired but stressed that this not become a four-way conversation: the Pakistanis and the Afghans need to engage directly. He supported the Minister's assertions concerning the need to focus on increased capacity building at both the national and sub-national levels.

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¶5. (SBU) Acting USAID Administrator Alonzo Fulgham inquired about the status of meeting sanitary and phytosanitary standards (SPS), in addition to packaging and marketing to facilitate increased exports. The Minister responded that progress had been limited due to poor capacity, and immediate assistance from the USG or other donors is needed due to the serious lack of quality control on inputs such as fertilizer.

¶6. (SBU) On food security, the Minister said Afghanistan is near self-sufficiency in wheat this year, and the GIRQA is building strategic reserves of 100,000 metric tonnes (MTs). Deputy Secretary Lew inquired whether MAIL had adequate capacity for storage, and the Minister responded that while the Government could potentially store approximately 160,000 MTs, many silos need repair. Several donors are providing support in this effort, he said.

¶7. (SBU) The Minister said he looked forward to working together on implementation of the new USG agriculture strategy. Ambassador Wayne agreed that further discussion on implementation is needed, in part to reflect the Minister's stated priorities.

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NEXT STEPS  
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¶8. (SBU) In response to the issues raised, Embassy Kabul is: a) seeking an early release of FY10 funding to expedite support for MAIL Capacity Building--with an interim solution being that USAID will provide \$8 million to support this effort--and accelerate the deployment of 5 USDA Ministry Experts and 54 field-based staff; b) helping to finalize a new Afghanistan-Pakistan Transit Trade Agreement (APTTA); c) considering assigning a senior USDA expert to address MAIL SPS issues; e) following up with MAIL regarding implementation of new activities to support the GIRQA in the agriculture sector; and f) finalizing revision of the Agricultural Strategy paper.

EIKENBERRY